

April 7, 2005

VIA E-MAIL AND U.S. MAIL

Mr. Alan Mitchell
Minnesota Environmental Quality Board
300 Centennial Bldg.—3rd Floor
658 Cedar Street
St. Paul, MN 55155

Re: Requests for Comments on Possible Amendments to Rules Governing
Proposed Intrastate Pipelines, Minnesota Rules, Chapter 4415

Dear Mr. Mitchell:

This letter is submitted on behalf of the three undersigned members of the Minnesota Natural Gas Local Distribution Companies (LDC's) in response to the January 20, 2005 Request for Comments of the Minnesota Environmental Quality Board ("MEQB"). We submit these preliminary comments and confirm the interest of the LDC's in the current rulemaking process of the MEQB relating to pipeline routing.

We agree with the comments in the letter submitted by the pipeline industry to you on March 21, 2005 that notes "that any proposal to modify the current rules in Chapter 4415 needs to be measured against the fact that, for nearly the last twenty years, pipeline routing under Chapter 4415 has worked very well, with one exception involving a Minnesota municipal utility."

We further have concerns that while the MEQB is considering the commencement of proposed rulemaking it is considering legislation that would make significant changes to the scope of the MEQB's authority to promulgate rules. In addition, a complicating factor is legislation recently introduced (S.F. 1902/H.F. 1955) shifting and moving responsibility and staff from the EQB to the PUC.

As it relates to the specifics of the rulemaking itself, the LDC's major concern is new rules in section 4415.8000 that set forth additional requirements for those constructing a pipeline ("applying to those persons proposing to construct a pipeline, that does not require a pipeline routing permit from the EQB") and meets the new criteria impacting any pipeline used to transport natural or synthetic gas at a pressure of more than 90 pounds per square inch." We would thus be subject to a new information book, notification and significant fees (\$25,000), all of which we oppose. The LDC's are unaware of any problem that requires a "fix" or deviation from current practice.

As an example of how the proposed rules could affect a local distribution company (LDC), CenterPoint Energy has evaluated how many gas mains and services, based on

operating pressure, that were installed in 2004 could fall under the scope of the proposed rules. The impact is that over 300 installations could be included under the proposed rule and subject to creation of the Information Book. This is a significant undertaking by any LDC and will create a high level of additional work and expense without benefit.

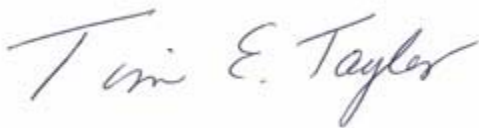
We do appreciate the opportunity to participate in the process and provide comments. Under the current situation with shifting of responsibility and the need for more clarity regarding roles, etc, we believe the most prudent option at this time is to put the rulemaking on hold.

Please add the names and addresses listed below to the official service list in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Holmstoen". The signature is fluid and cursive, with the first name "Steve" and last name "Holmstoen" clearly distinguishable.

Steve Holmstoen
Sr. Vice-President, Delivery Services
CenterPoint Energy

A handwritten signature in black ink, appearing to read "Tim E. Taylor". The signature is written in a cursive style, with the first name "Tim" and last name "Taylor" being prominent.

Tim Taylor
Vice-President Field Operations
Xcel Energy

A handwritten signature in black ink, appearing to read "David G. Kult". The signature is cursive, with the first name "David" and last name "Kult" being the main components.

David Kult
Business Operations Director
Aquila

